Chapter V

Economic Issues

In the study of Nehru's relations with the Indian communists in the economic sphere we cannot ignore the pre-independence period, since the basic economic policies were outlined in that period. Nehru's belief that political freedom is a pre-condition to economic freedom intensified his urge to achieve political independence. This clearly implied that the establishment of an effective government was required for a sustained economic growth. Political freedom which enjoyed primacy during the struggle for independence was considered as a means to the attainment of an egalitarian society. Put differently political freedom was a means to achieve economic freedom. Socio-economic change was thus a part of goals of the nationalist movement spearheaded by the Congress. Nehru could move forward in the task of introducing economic changes because he had ascended to a prominent position in the nationalist movement, held important Congress offices and above all was accepted by the younger generation as a true representative of their urges and aspirations. Hence in facing social and economic policies his major stress was to move the Congress towards radical ideology. He opposed any rigid and dogmatic approach and wanted to employ methods keeping in view the circumstances. His economic policy was essentially pragmatic involving peaceful and democratic methods for economic development.

Considerable credit goes to him for securing general
acceptance of the fact that political independence would be meaningful only if it was accompanied by an economic revolution to eliminate economic disparities. Primarily under Nehru's influence the Congress also developed a broad blue print of the socio-economic changes to be brought about after the attainment of independence. The Karachi Resolutions on economic policy in 1931, the Lucknow session of Congress in 1936, the Congress election manifestoes in 1936 and 1945 and the Nehru Plan (1938) were the principal policy announcements that underline the Congress economic programme. But most of the Congress leaders did not fully share his views. Nehru carried on his direction even though he had to antagonise some of them. The old guards believed that Nehru's extreme bent towards socialist programmes might weaken the national struggle by dividing the nationalist forces. Prominent leaders of the Congress reminded Nehru, "We feel that the preaching and emphasizing of socialism particularly at this stage by the President and other socialist members of the Working Committee, while the Congress has not adopted it is prejudicial to the best interests of the country and to the success of the national struggle for freedom which we all hold to be the first and paramount concern of the country."¹ This is important to remember particularly as we shall see presently that Nehru was attacked by his own party men for either going too far or not going far enough in his economic policy. Specifically the communist criticism revolved around the

¹ From Rajendra Prasad and others to Nehru, June 29, 1936, Jawaharlal Nehru, A Bunch of Old Letters, op. cit., p. 182.
argument that the policies widely publicised belied the hopes of the masses in every respect because of lack of implementation.

This criticism, as we shall see, though valid in terms of the implementation of policies must be viewed in the context of the limitations within which Nehru had to move. He himself was aware of the limitations of the constitutional framework within which he had to work. He had to carry his party with him. Moreover his suggestion to achieve the set goals through the consent of the people could not speed up his efforts.

Being a broad nationalist movement that appealed to all social groups, in the society, the Congress did not and was in fact incapable of evolving any radical economic programme. The Congress had not accepted the principle of ceiling on landholdings, redistribution of surplus land and planning. However, Nehru's own commitments in this regard were clear as we shall see. During the post-independence period the Congress accepted these programmes under Nehru's persuasion but vested interests dominant within and outside the Congress delayed or defeated the implementation. Many important policy resolutions thus remained hollow promises and appear to have been passed primarily to get votes.

The purpose of this chapter is to study how the communists view this position. While adhering to the Marxist-Leninist principles the communists interpreted socio-economic and political programmes in terms of class structure and configuration of class forces because Marxism assigns primacy to the economic base over which the entire superstructure of
the society is built. Indian communists, thus, sharing Marxist-
Leninist principles and following guidelines from the international
communist movement interpreted Nehru and the Congress along these
lines.

While the Marxist-Leninist principles remained unchanged
until Mao added new dimensions to it, their application and the
interpretation of the Indian scene on that basis varied and the
communists interpreted Nehru's economic policies differently in
different periods. In the 1940s the Congress was seen as
essentially a bourgeois organisation and Nehru was thus a stooge
of the capitalists and landed interests. In the 1950s when
Nehru launched his socialistic programme (introduction of planning
following the Soviet model, land reforms, Avadi resolution on
Socialistic Pattern of Society, Industrial Policy Resolutions of
1948 and 1956, etc.) the communists assessment became favourable.
He was now viewed what in Marxist terminology has been called a
national bourgeoisie. The communists generally approved his
economic policies but criticised him and the Congress for non-
implementation of the policies.

This qualified support to Nehru's economic policies gradually
began to wane in the late 1950s because in the absence of sincere
implementation, they appeared hollow slogans to get votes. In
fact the radical among the communists began to see Nehru as a
real hurdle to a social resolution and the emergence of class
consciousness. He had borrowed their slogans, confused the
issues and claimed to be a better socialist than the communists
themselves. This is also the period when the Sino-Soviet rift
burst into an ideological schism and divided the communists world over. The liberal group of Indian communists following the Moscow line supported Nehru while the radical group led by Ranadive was outright critical. The communists spoke with many voices though the actual split took place in 1964 after Nehru's death.

Nehru's economic policies were not guided by any rigid doctrinaire approach. Though socialist by inclination he was essentially a pragmatist when it came to implementation. He was an advocate of a gradual constitutional approach to economic change. He was not unmindful of the urgency to change the economic structure but wanted the changes to be brought about within the four corners of the constitution. He stood for a peaceful social revolution. He wanted India to be a great industrial nation and the nationalist in him led him to clearly visualise that a national industrial base was necessary to achieve the goal. Economic nationalism thus led him to reject the western model which would have created an essentially dependent economy. He preferred the Soviet model and strove to establish the industrial base with Soviet help. It is thus interesting to see that Nehru's economic nationalism was supported by the communists though they arrived at their conclusions through a different route, Marxism - Leninism. He showed his capacity to synthesise seemingly conflicting attitudes and rationalise evident contradictions. However, Nehru's economic rationalism was nationalism, pure and simple and had no real class dimensions. This was his real point of departure from the
communists and the basis of their criticism of Nehru.

In this chapter we will discuss the broad framework of economic policies of Nehru and communists and underline specifically the Industrial policy Resolutions of 1948 and 1956, Planning, Avadi resolution on Socialistic Pattern of Society and Land Reforms.

In the communist theoretical framework the alignment of class forces consists of two camps; the first includes the imperialists, native big business, the feudal princes and the landlords, the other consisting of the working class, the peasantry, the petty bourgeoisie and the middle bourgeoisie. The former is hostile to the people's democratic revolution while the latter is interested in national independence and people's democracy. The proletariat according to the communists as the most advanced class of modern society is a revolutionary class and has the natural affinity with the mass of the peasantry. With the Communist Party at its head, the proletariat is the most determined and devoted fighting force for national liberation, hence, best suited to lead the revolution.²

Because of the existence of the two camps in the alignment of forces the communists divided the whole world into two rival camps i.e. the socialist camp and the imperialist camp. The former consists of the communist countries like the Soviet Union and China and the latter includes the democracies of Western

Europe, the U.S.A. and Britain. The communists supported the Socialist Camp on the assumption that it would not lay down any anti-national conditions, and highlight the economic organisation and industrial progress of the Soviet Union. The Soviet assistance to build the Indian economy was welcomed and the relations of the two countries in the economic field were encouraged. The Soviet Union and the Eastern European democracies were considered to be the best friends to realise the aim of nationalisation and planned economy. While the nature of the Soviet trade and support of the socialist world to India was explained to be advantageous, the Anglo-American influence was condemned for aligning India completely to capitalist economy. At the Amritsar Congress the Communists justified their theoretical approach and reiterated their opposition to the penetration of American capital. They suggested the establishment of national control over British and Indian monopolies and ceilings on their profits.

Basic to any understanding of Nehru, we must point out that his aim was to evolve a political system combining efficiency of administration with individual liberty and an economic structure to yield maximum production without the creation of private monopolies and concentration of wealth also creating proper

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4 The Tribune, April 8, 1958, p. 1.
balance between urban and rural economies. Nehru occasionally argued with himself about the extent to which political liberty might justifiably be sacrificed on the altar of economic development.  

Planning formed one of the basic aspects of his post-independent economic policy. This was in no way a novel idea especially when viewed in the light of the attempts at industrial planning during the pre-independence years. Nationalisation of key industries and services was advocated in the economic policy programme of the Karachi Resolutions - a policy later on reiterated at Lucknow in 1936. Economic resolution of the Karachi Congress especially interested Nehru though he was aware of the fact that there was nothing socialistic in the resolution.

Significant move for industrial planning was made in 1938 when the process of industrialisation was emphasised for solving the problems of poverty, unemployment, defence and economic development. The urgency of starting key industries of national importance was stressed. Sub-Committees of National Planning Committee under Nehru's chairmanship produced their reports after studying the different aspects of the national economy.


6 Notes on the Resolution passed at the Conference of Ministers of Industries held in Delhi, Oct. 2-3, 1938, *J. N. Papers*, pt. II, pp. 1-2, NMML.
But no concrete action could be taken as the Congress ministries resigned in 1939 following the outbreak of the Second World War. The policies thus outlined could not be pursued because India was a dependent country and was subjected to the dictates of British imperialism. The British Government resented the rapid growth of heavy industries in India owned and managed by Indians. Moreover, the industries set up during British rule were aimed at satisfying primarily British trade interests. Measures taken by the British which gave a fillip to industries in India was forced by the exigency of maintaining their rule by not opposing whole heartedly the demands of the Indians.

The process, policies and progress of industrial development during British rule kept in view the primary British interest. In the post-independent years efforts were made to divert the whole process to favour the interests of India. India lagged behind in basic and key industries because she was not the undisputed mistress of her own house. Nehru was thus justified in emphasising the priority of achieving national independence over pursuing the goals of economic policy.

The post-independence review of the industrial problems began with the Tripartite Industries Conference in December, 1947

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8 Notes on National Planning Committee, June, 1939, J. N. Papers, S. No. 406, p. 44, NMML.
convened by Nehru. He emphasised the importance of industrialisation both from internal and external viewpoints with the object of explaining the future development of State and private enterprises. Industrial Policy Resolution was announced on April 6, 1948. This was Nehru's first major attempt to spell out his 'mixed economy' system. It made a clear distinction between the public and private enterprises by defining the areas of exclusive monopoly of the Government and the area left open to private enterprise. Industries were divided thus into three different categories: those that were to be the monopoly of the State, those left to private enterprise and those over which Government was to exercise control. The State could acquire any existing industrial undertaking with compensation on a fair and equitable basis.

The post-independence policy was primarily based on this resolution and clearly emphasised the responsibility of the State to promote, assist and regulate the development of industry in national interest.

As was expected different views were expressed in Parliament on the resolution. Prof. K. T. Shah who was closely associated with the National Planning Committee in 1938 expressed his bitter disappointment about everything that was contained in the statement said, 'it is a matter of great regret that the head of our


10 For the text of the Resolution see Constituent Assembly Debates (Legislative) April 6-9, 1948, vol. iv (1), pp. 3293-97.
Government who was also the Chairman of our Planning Commission should have subscribed to it. N. G. Ranga rejected his criticism and called the resolution a 'definite triumph of Gandhian Socialism over capitalism.' Industrialists and the Federation of India Chambers of Commerce and Industries welcomed it and saw the long range aim implicit in the statement. Birla called it a 'right step in the right direction.' It was observed about the statement that 'neither the socialists nor the industrialists need feel either elated or depressed.' M. R. Masani welcomed it as it laid down the foundation of democratic socialism and was 'a categorical rejection of totalitarian communism.'

The Communists critically reacted and noted the hold of the British capital on Indian Industries that had enabled the British imperialists to exploit the Indians. The resolution scrapped the pledges of nationalisation, jobs and a living wage and shielded the capitalists against the workers. Ranadive

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11 *Times of India*, April 8, 1948, p. 5.
12 Ibid.
14 Shri Ram an Industrialist observed in *Hindustan Times*, April 9, 1948, p. 6.
15 *Times of India*, April 8, 1948, p. 5.
condemned Nehru's defence of the resolution as a surrender to the Indian capitalists. It foreshadowed a further ruthless offensive against labour and middle class employees and the common man in the interest of the Indian capitalists and landlords and suppression of the masses to protect them.  

He also found Nehru's views on nationalisation bankrupt and rejected his argument that government could not acquire old concerns because of its limited resources. In fact Ranadive pointed out that all the key and strategic concerns should be taken over without compensation. Lack of resources was a hypocritical excuse to justify retention of private enterprises. 

In addition to their opposition to Nehru's policy and the resolution, the Communists also declared their own stand on the economic problems. They emphasised the elimination of economic poverty and advocated the removal of private capitalists from strategic economic positions, removal of profit motive from industry and save it from chaos. They advocated the nationalisation of all vital concerns and their transfer to public ownership. 

Powerful and vocal sections of the private sector were characterised as bourgeoisie linked up with British finance.
capital having no independent industrial base of their own. The tie up of the Indian capital with British capital and the consequent dominance of the latter was one of the reasons why they criticised the protection offered to the Indian capitalists. They did not resent the private sector making profits but underlined the need for a strong public sector to control and checkmate the private sector.

The communist reaction thus laid emphasis on the task of reducing the inequalities of income, expansion of home market, nationalisation of British capital, without paying any compensation, stopping remittances of profit abroad, end of monopoly in any industry and a ban on conversion of foreign capital into equity capital.

While stressing the need for a constructive approach to the whole problem Nehru pointed out that the so called enthusiasts for radical policies were apt to approach the question of nationalisation in a static and non-progressive manner. He charged that the communists based their programmes more or less on a static world view and not on a continually changing world needing new methods of production, which may render the present industrial apparatus or even the methods adopted in the cultivation of the land completely obsolescent and obsolete.

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18 Hiren Mukerjee, Lok Sabha Debates, Dec. 20, 1954, vol. ix (11), col. 3492. He stated that unless there was a strong public sector, and unless the private sector was geared to the overall plans of the public sector, there would be end of planning altogether and chaos and anarchy would prevail.
Referring to the communist view on acquiring industries he pointed out that the ardent revolutionaries (who) 'think in terms of an idealistic world are quite extraordinarily conservative in their scientific approach to the world's problems.'

Thus, when the Resolution was accepted by Parliament, Nehru rejected the attempts to have a clean state in the state of affairs in the world and India, as it would mean a sweep away of all that they had got, and instead of bringing peace nearer, would delay it tremendously. The need for thinking in terms of the vast changes in production was important for him and he considered the fundamental approach of the Government's statement to be the only right and practical approach in the circumstances.

Critics no doubt found some aspects of the Resolution to be vague and wanted uncertainties to be removed though the overall policy seemed to be suitable to the needs of the country. However, it had to be seen how far the Government could efficiently run the industries with the resources and the technical personnel at their disposal. While State and private enterprises were expected to work normally and play complementary roles in the mixed economy they had to be healthy rivals in the promotion of efficiency.

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20 The Hindustan Times, April 9, 1948, p. 4.
Conflicting and opposite pictures of industrial assets of India were presented by Nehru and Ranadive. What according to Ranadive formed the entire industrial assets bringing crores of rupees and their products having a rich export market was viewed by Nehru as obsolete and outdated machinery the acquisition of which was a waste of scarce national resources. Nehru condemned the communists for not appreciating the changes in technology.

The communists saw in this argument a deliberate attempt to ignore the important factors and an effort to justify private enterprise. They condemned Nehru's emphasis on invoking the Constitution to support compensation. This was interpreted to mean a support for the capitalists against the defence of popular interests. 21

The Resolution was also condemned for not only assuring and appeasing the Indian vested interests but also for its support to the foreign capitalists. The provision to accept foreign control over certain industries was seen as an attempt to placate foreign capitalists who seek to control India's resources and economic life. It was charged that the government has succumbed to their interference and criticised the policy of non-discrimination between foreign and Indian capital because it took away the government's right to protect national industry against the inroads of foreign capital. Reliance on Anglo-American aid was objectionable and was seen as a subservience to foreign

capital. It was resented that the offers by the Soviet Union and China to supply machinery were silently looked over. The refusal to take advantage of other sources of foreign aid appeared to place Indian development at the mercy of the imperialists.\textsuperscript{22} As a whole the Resolution was an anti-people drive, which revealed the Nehru Government's incapability of solving the problem of the people.

Communist criticism, based on ideological formulations seems too harsh. It was yet to be seen what shape the Resolution would take in actual practice. It was impractical to pursue vigorous economic policies at that stage. Even though the Government was not indifferent to working class needs, it offered much less than their expectations. We must also note that though Nehru headed the government he did not have a free hand either in the government or the party. He had to carry the party and the government specially Patel with him. Nothing more radical could have emerged through such a consensus.

To implement and make the Resolution more meaningful it had to be linked to long term planning. Nehru realised that 'mixed economy' necessitated planned central direction as well as decentralisation of political and economic power. To accelerate the mixed economy attempts at planning were not to be essentially an academic exercise as in the pre-independence period. Socio-economic change through planning began in 1951 and was a

\textsuperscript{22} Ibid.
culmination of the zeal that had inspired Nehru to transform the face of traditional India. The dreams for long term projects and economic development were dearer to his heart but they gave way when he observed the appalling poverty and misery of the millions of Indians. He realised the immediate necessity to fight the economic exploitation and improve the condition of the poor.

His first attempt to revive his thoughts on planning was the creation of the Planning Commission in March 1950. Publication of the draft outline of the first Five Year Plan in July 1951 and the final draft in December 1952 marked the first stage in the evolution of Planning.\(^{23}\) The objective of the Plan was to initiate simultaneously a process of all round balanced development which would ensure a rising national income and a steady improvement in living standards.\(^{24}\) It was to correct the disequilibrium in the economy caused by war and partition and developing certain basic resources so as to lay the foundation for rapid economic growth in the future.\(^{25}\) Reduction in disparities to impart social justice was emphasised to recast the society on a more equitable basis. To bring about this transformation was to be brought about in an orderly manner through legislation.

Planned progress implied participation by the state in the


economic affairs of the country. Private enterprises was also
to have an honourable place in the economy and thus the co-
operation of both sectors to promote common welfare was signified
under the plan. This implied the subscription to the concept of
mixed economy. It was an endeavour to present a co-ordinated
view of the requirements of the economy and of the resources
available. It was an attempt to integrate the agricultural,
industrial, social, economic and other aspects of development
into a single framework of thinking.

Keeping in view the dependence of the two third of the
population on the land, agriculture, irrigation and power
received the highest priority in the plan. A substantial
increase in the production of food and raw materials was
necessary to enable industrial expansion. Hence, Nehru's stress
to have a stable and strong agricultural economy for fostering
industrial development.

The progress report for 1953-54 found a significant all
round progress and improvement in the Indian economy. Increase
in agricultural and industrial production showed an upward trend.
Control on foodgrains and restoration of foreign market
conditions benefited consumers. It was observed that the
economic situation on the eve of the Second Plan was better than
what it was on the eve of the First Plan. More confidence and

greater readiness all around for a larger effort was observed.  

There was a considerable discussion on the draft outline of the First Five Year Plan in Parliament on October 15, 1951. Significant discussion took place outside too. Apart from the communists, Prof. D. R. Gadgil virtually disapproved everything in the Draft outline. He doubted if it could be at all properly called a plan. According to Hanson this explains why the intellectuals played no more than a peripheral role in planning at this stage. Perhaps Gadgil did not realise that planners had political, social economic and administrative limitations and could not have any room for manoeuvre. They had to devote their energies to gear up the stagnant and deficient economy. Lack of data reduced their capacity to make reliable forecasts. They lacked previous experience and could not specify techniques whereas Gadgil wanted everything to be cut and dried and this was not within the administrative capacity of the planners. There was no mid-way between this and criticisms of the groups. Hence opposition to and criticism of the plan instead of being constructive remained unproductive.

The Communist Party's proposed amendment to the plan in the

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House regretted that the plan fell for short of a real effort to achieve a social order for the promotion of the welfare of the people even as directed by Articles 38 and 39 of the Constitution. This amendment followed fierce speeches by party supporters.

The Communist criticism of planning forms a part of their general attitude towards the entire economic policies followed by Nehru. They admitted that the government's attitude towards British imperialism and feudalism determined their attitude.

In the First Plan the communists found the tight grip of the foreign capital over Indian economy. Further dependence of India on British and American imperialists was anticipated as the plan in their view intended to sell the country to foreigners. Emphasis of the planners on agriculture was interpreted as a measure not for the solicitude of the peasants but for placating British and American interests as the agricultural development was to make industries backward and dependent on foreign imperialists. This was considered to be imitating imperial traditions.

It is important to note here that in explaining their party attitude the Communists maintained that their party would


press for the materialisation of those projects which were useful to the people but would campaign against those which would harm and intensify the exploitation of the people. In this context the communists advocated the experience of the Soviet Union and suggested to transform the country from a weak and dependent agrarian economy into an industrial powerful nation. Priority thus must be laid on industries. They repeated that India should break completely with British imperialism. Confiscate British capital, emancipate peasants from burdens of rents, interest and exorbitant taxes and increase the purchasing power of masses to match the increasing production.

They complained that the planners did not take the total view of the society and made no plan for distribution. They dubbed the plan as a plan of non-industrialisation, a hoax to bamboozle the people and a shameful deception of the masses. The Plan failed to build basic and heavy industries and the increase in production was sought to be brought about mainly by increased utilisation of installed capacity. The increase in the number of big industrial units was at the cost of medium and small units. They held that the plan offered nothing to common man and had no prospects for Indian industry as such.


They also drew their own inference from the fact that the top circles of big business and monopolists working in collaboration with the British capital had hailed the plan. In their view it was no plan for national reconstruction but a plan which would maintain India's semi-colonial economy intact, intensify the agrarian and industrial crisis and impose colossal burdens on all sections of the people, including merchants, industrialists, middle classes and artisans. It was the monopolists way out of the crisis, a plan of throwing the consequence of the crisis on to the shoulders of the common people. They advocated a plan of national reconstruction to concentrate on the industrial development of the country. 36 B. T. Ranadive in analysing the First Five Year Plan claimed that the plan was a scheme of governmental expenditure partially to rehabilitate the pre-war standards of the Indian people. 37 It was a plan of colonial slavery, a mockery of freedom, dictated by India's foreign masters and Nehru was condemned for serving them. It was held that Nehru 'intensified that dependence still further by its shameless deal with the imperialists.' 38 They considered Nehru to be a representative of the classes that wanted to perpetuate the present system and for which Nehru had surrendered the national


interest of India to the imperialists in every sphere. The promises in the plan brought out the character of the government which the communists branded as a government of national betrayal.

The communists agreed with the objective laid down in the revised plan frame that the problem of the economic development in India was one of utilising more effectively the potential resources and man power. However, the communist spokesmen pointed out that the revised draft belied the hopes underlined in the objectives. It was complained that the report of the Commission did not even mention the existing control and dominance of British economy over the Indian industry and resources. They welcomed the idea of national planning but objected to the targets and programmes since they did not change the material condition of the people. They refuted Nehru's claim that the Five Year Plan laid down the bases for India's economic development. They also rejected the concentration on the improvement of agriculture in view of the experience of the two years of the plan. Anticipating a stagnant progress they emphasised that the same level of starvation in food, clothing, education and medical aid would be maintained even at the end of the five years since in their view the government proposed nothing to reduce the burden on agrarian and industrial population.


YOU'LL BE LIKE THIS AFTER FIVE YEARS

BUT I WAS LIKE THAT BEFORE FIVE YEARS

Crossroads. July, 20, 1951. vol.iii (11)P.7
In the measures suggested for the solution of problems the communists called for planning on a grand scale as in the Soviet Union and China.\(^4^1\) It is interesting to note the differences brought out clearly by Nehru in the political and economic structures of India and China. He was no doubt ready to learn from them but found fundamental differences in the political and economic ideologies of the two countries. He insisted on India following her own way to achieve the objectives of raising the material and cultural standards of the people.\(^4^2\) Though he continued to propagate Socialist Planning he was a democrat too. He wanted Planning to be within the democratic framework with the willing consent of the people.

Here he clearly differed from the communists. In his opinion communism was a negation of individual political liberty in its implications and gave key control to the state in all undertakings. He refused to substitute state for the individual. As a result he was emphatic on democratic framework. He was prepared to go slow for the achievement of his objectives if the implementation would create unnecessary suffering. The communists would not mind the dominance of the Soviet Union on the Indian economy as it was considered advantageous to have socialist links. Nehru was reluctant to

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allow any dominance whether Socialist or capitalist.

As to the communist argument that the mixed economy was full of contradictions, he argued that the communist system itself was no exception. It encouraged education on the one hand and suppressed freedom on the other. Yet the spread of education itself is a tremendous liberating force which ultimately would not tolerate that suppression of freedom. Communism had become associated with violence, and violence, by encouraging the evil tendency in human beings, had tainted the very idea for which Communism stood a clear example of how means distort the ends. The major problem was how to attain an adequate rate of economic development without sacrificing democracy. Nehru emphasised that the problem could only be resolved by Planning because it alone could bridge the gap between the rich and the poor.43

During 1952-58 the central issue whether to adopt total planning or unrestricted free enterprise was never publicly raised. Nehru, however, frequently referred to the subject in order to ensure public confidence in the mixed economy which India had so enthusiastically adopted. Time and again he condemned economic totalitarianism as inevitably leading towards political absolutism. India had accepted the democratic process because she attached great value to individual freedom.44


44 B. N. Pandey, Nehru, op. cit., p. 356.
To answer the ideological challenge posed by the communists Nehru proposed a Socialistic Pattern of Society which the Congress endorsed officially at Avadi in January, 1955. It was to establish a Socialistic Pattern of Society and to realise the national aim of a welfare state and socialist economy. The pattern of society aimed at was a social and economic order based upon the values of freedom and democracy without caste, class and privilege in which there was to be a substantial rise in employment and production and the largest measure of socio-economic justice attainable. This pattern as defined by Nehru, was in no way distinct from Socialism or socialist pattern.\textsuperscript{45} Nehru gave priority to producing plenty of wealth to attain a welfare state and then its equitable distribution.

Production was given priority because Nehru stressed that in India there was not enough existing wealth but only poverty to divide. He disagreed with the communist emphasis on the distribution of existing wealth, because it would not make any difference in the national income except for being a psychological good.\textsuperscript{46}

It was strongly emphasised in the Avadi session that public sector was to play progressively a greater role but since private


\textsuperscript{46} Government of India, Jawaharlal Nehru's Speeches, vol. iii, op. cit., pp. 15-20.
sector had a definite place in Indian economy it was to be allowed to function in terms of the national plan. Thus while trying to reassure private enterprises Nehru made it abundantly clear that he was determined to assert the primacy of the public sector. However, he also defended the private sector as he considered it advantageous for the public sector to have a competitive private sector to keep the former up to the mark. Both sectors had thus important roles to play in the process of increasing production within the broad limits of general control by state and could even help each other to be up to the mark.

The methods suggested to achieve the goals set in the Avadi Resolution were peaceful means and within a democratic framework. He stressed that India would achieve these goals in her own way and she should not get tied up with theoretical considerations. He was against adopting the methods of other countries like England, Germany, France or Soviet Union as he felt that their methods were appropriate in the light of the situations in these countries. This broad framework and the peculiar conditions of India were so much dominant in his mind that he did not worry about the slow achievement of socialism in India. Moreover, Socialism was to be achieved in his view, through peace and willing co-operation of the people and was not to be superimposed. He found in the Indian system of parliamentary institutions an instrument of gradual change and emphasised that in an underdeveloped country like India, socialism could come only gradually.
Lok Sabha set its seal of approval to the country's economy to be progressively fashioned on the Socialistic Pattern. Those who supported it made it clear that the object underlying the resolution was not to exalt doctrinaire theories but to find a workable via media between capitalism and socialism, which would be free from the defects of either and would promote harmony and cohesion. The Hindu observed, 'it will be readily granted that if such were indeed the happy issue of the policy which is now being reformulated it would be abundantly justified. The Hindu, Jan. 21, 1955, p. 3.

Nehru's exposition of the Congress attitude to private enterprise exhibited the way to create a wide consensus of opinion on socio-economic problems.

The Avadi Resolution was subjected to critical review by political parties and the media. The resolution was observed with different connotations and was defined to suit one's own convenience or necessity. Nothing new was expected of the resolution except that onwards, it was considered to be a debate, not on the essence of a socialist order. The Hindu, Jan. 21, 1955, p. 3. It was foreseen that the resolution would strengthen the hands of the Congress and thus improve the chances of its success at the next elections. The resolution had allayed the fears of the

47 The Hindu, Jan. 21, 1955, p. 3.

big business and reassured those who were afraid that the Congress might go red.\textsuperscript{49}

These views were forcefully expressed by the communists while reacting to the resolution. They declared the presence of foreign concerns in India to be detrimental to national interest. Avadi Resolution was characterised as "hypocritical humbug."\textsuperscript{50}

It was the business interests glamour and loud empty talk of socialism that marked the Avadi Session. The editorial in \textit{New Age} reported that the Congress in order to find an effective means of retaining its grip over people felt the need for new slogans, for making a fresh stock of promises. It was complained that the talk of a Socialistic Pattern was scrupulously confined to generalities and not one issue of immediate urgency for the relief of the people was allowed to be taken up.\textsuperscript{51} Nehru's socialism was described as nothing more than a vote catching slogan.\textsuperscript{52} \textit{New Age} report on Avadi session described it as big

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  \item \textit{Hindustan Standard}, Jan. 21, 1955.
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business arranged hollywood type of 'tamasha'. It was the view of the communists that in almost all the important sectors it was the millionares who made profits. This pattern according to them fitted in very well with the profiteers and monopolists.

It is interesting to observe that the essence of Nehru's differences with the communists on economic issues was the fact that Nehru wanted to achieve things which the Soviet Union had achieved but the method he opted was a democratic method. To the communists that was impossible.

To the utter surprise of the communists came the Soviet reaction through Modeste Rubinstein's article in the *New Times* in 1956 in which he dealt primarily with the Avadi Resolution. He underlined that under the Congress leadership the country was moving towards socialism. He concluded that given close co-operation by all the progressive forces of the country, there is the possibility for India to develop along socialist lines. The Indian communists received this article with profound shock. Their line had been that the Avadi Resolution was a hoax perpetrated by the big bourgeoisie to deceive the masses.


Rubinstein argued that India had already embarked upon the road of non-capitalist development. Ghosh at once joined issue with this euphoric stance and affirmed a vital area of disagreement between the Rubinstein's perspective and that of the CPI. "What is virtually ignored in the article is the profound truth that whatever the form of transition to socialism, the decisive and indispensable factor is the political leadership of the working class headed by its vanguard. Without this there can be no transition to Socialism." 56

Nehru was conscious that the system which he envisaged was based on reconciliation and consent of the people. He was anxious to set as fast a pace for the Indian model as was possible. The first five year plan had been executed and efforts were being made to announce the second too. The establishment of Socialistic Pattern was accepted as the objective of social and economic policy. Before the Second Five Year Plan was announced, Nehru's urge for emphasis on industrialisation was incorporated in the Industrial Policy Resolution of April, 1956. 57

The Resolution gave public sector a dominant position with a complementary private sector. Emphasis was laid on the development of heavy and machine building industries.

56 Quoted in Bhabani Sen Gupta, Communism in Indian Politics, op. cit., p. 46.

57 Government of India, Industrial Policy Resolution, New Delhi: April 30, 1956, Sec. II-VI.
Besides its flexible approach the statement on the resolution clearly aimed at removing uncertainties and misapprehensions about the future role and existence of private sector. The aim was to make available the facilities like power, water supply and transport in the areas industrially lagging behind.

The 1956 industrial policy laid down that the state would assume a dominant and direct responsibility for setting up new industrial undertakings and for developing transport facilities.\footnote{Lok Sabha Debates, April 30, 1956, vol. iv, cols. 6690-91.} It is in this context that departures from 1948 policy are to be observed. The resolution did not guarantee against nationalisation as was the case with the policy resolution of 1948. The scope of state initiative to enter into industrial enterprises hitherto under private sector increased. The number of industries placed under public sector too was increased. The 1948 resolution thus stood modified in its effect. The private sector was no doubt allowed to exist and to function but not as independently as the public sector. It did not remain inviolable and reliable for the tasks allotted to it. Whenever the private sector failed to make progress to the desired extent the state could step in.

The statement explains not what the government has been doing but what the government was expected to do in the future. In its overall position the resolution turned more
favourably towards public sector and towards the pursuance of socialistic objective in the Indian context, meaning thereby that the state was to guide the economic life of the nation with the cooperation of all the people. There was no qualitative change in the economic ideals of the state though some quantitative adjustments were made. The 1956 Resolution was, thus, governed on the one hand, by directive principles, social, economic and political justice, adequate means of livelihood, state ownership and control of resources, and on the other hand by the objectives of the Socialistic pattern.

The policy statement was welcomed for its realistic approach. While some industries were the exclusive responsibility of the state, the Resolution did not preclude the expansion of existing privately owned units, and sought the co-operation of private enterprise in the establishment of new units. Its flexible character was also welcomed. However, the state trading concerns included in the resolution were irksome to some and were considered an encroachment on the private enterprises. It was felt that the wide field

59 N. L. Kanoria, President, Indian Chamber of Commerce, in *Amrita Bazar Patrika*, May 2, 1956, p. 5.


61 D. C. Kothari, ex-President, Hindustan Chamber of Commerce, in *Amrita Bazar Patrika*, May 1, 1956, pp. 1, 5.
in which the Government proposed to seek co-operation would leave very little scope for initiative and enterprise by private industrialists.

To overcome the economic stagnation that followed independence and for co-operation in the economic field foreign and technological aid was required. It was expected and encouraged so long it was not tied with any political strings. In these circumstances India had to adopt an industrial policy without destroying the foundations of the existing industries and interests. The strategy and timing of the policy resolution had to keep in mind the aid policies of the western countries and the Soviet Union.

Peculiar conditions and problems of India did not allow any set system to be followed and no single set of solutions could rectify the situation. Nehru's policies and actions were dictated by the multi-faceted problems. India being an under-developed country with limited capital had to concede important roles both to public and private enterprises. This approach had political merit as well since it avoided clash with private interests and enterprises. Moreover Nehru felt that the evils of the private sectors could be controlled, even without nationalisation. Nehru did not oppose nationalization but subjected it to the limit of the state's resources and capacity at the time and the need of the nation to enlarge production and speed up development.\footnote{Nehru's statement while submitting Economic Programme Committee's Report to the AICC, New Delhi, Feb. 22, 1948, \textit{The Tribune}, Feb. 23, 1948, pp. 1, 8.} He was not
in favour of using public funds for nationalisation of existing industries as he feared it would not increase national production but would divert capital from much needed growth. To nationalise private industry was a rigid unrealistic approach for India as the problem was growth and not control over existing industries. It was to be applied only in special circumstances where it facilitated growth.

Communist line of argument does not differ from their earlier stand on the 1948 Resolution. The 1956 Resolution did not alter the relative position of the two sectors of the economy. They laid emphasis on the necessity to start not only new state owned industries but also to nationalise the existing big industries and units in the private sector. The Resolution had failed to recognise these basic issues in the opinion of the communists. While earlier the communists had laid emphasis on nationalisation without compensation, they now advocated nationalisation with minimum compensation. In particular they wanted British concerns in India to be nationalised.

They condemned the concessions granted to private sector in the Resolution as they apprehended that the huge concessions would stand in the way of the expansion of the public sector. Retrenchment and unemployment would result from the expansion

of large scale industries in the private sector as it would threaten the small scale and cottage industries; besides strengthening the position of the monopolists. The communist attitude towards private sector, however, was not as rigid as it had been previously. Their stand was made clear by P. Ramamurti in his declaration that the party in its present circumstances was not opposed to the continuance of private sector. . . . We do not say we could have socialism today in the existing conditions: we envisage that private capital has also its place in the development of the country but we are opposed to the strengthening of monopolies.64

The Industrial Policy Resolution could not introduce radical changes in the context of the developments during the previous years. In fact nothing spectacular was expected by 1956 within the existing framework of the Indian economy. Notable changes in the development of Indian economy since the 1948 resolution could be observed. These included-Industrial Development Regulation Act of 1951 as amended in 1953, the inauguration of the First Five Year Plan, the planning process of an organised basis and the enactment of the Constitution guaranteeing certain Fundamental Rights and enunciating Directive Principles of State Policy. Some of these issues directed towards the expansion of state activities in the field of industrial development. Enactment of Constitution,

too, necessitated changes as the Directive Principles led the
government to follow a 'Socialistic' economy. Emphasis on
the need for India to be industrialized, and to base the
policy on the development of basic industries like steel,
oil, etc., was emphasised by Nehru even in 1953.\(^{65}\) Avadi
Resolution further increased the pressure to expand state
activities in the sphere of industrial development and the
consequential result was the reduction of the sphere of private
sector by implications and legislation. Parliament by
accepting Socialistic Pattern as the objective of social and
economic policy made it necessary for the states to realise
the need and importance of accelerating economic growth and
speeding up industrialisation by developing heavy and machine
tool industries. Nehru emphasised that the 'new Policy was to
be governed by principles laid down in the Constitution, the
objectives of Socialism, and the experience gained during
these years.'\(^{66}\)

The details and discussion on the 1956 Resolution did not
leave much for the critics to speculate since they were
submerged in the debate on the Second Five Year Plan that was
immediately placed before Parliament in 1956.\(^{67}\) It was a further

\(^{65}\) The Tribune, Feb. 19, 1953, p. 6.

\(^{66}\) Nehru in Lok Sabha, Lok Sabha Debates, April 30, 1956,
vol. iv, Col. 6691.

\(^{67}\) Nehru introduced the Resolution on May 23, 1956,
see, Lok Sabha Debates, May 9-30, 1956, vol. v (pt. 11),
cols. 9383-9405.
step ahead in the attempts that \( \ldots \) Nehru took to speed up economic development. The characteristic feature of the Plan was to relate it to objectives of the Socialistic Pattern of Society. This meant social gain, as the basic criterion for determining the lines of advance instead of the private profit. More specifically major decisions were to be made by agencies informed by social purpose. Benefits were to accrue more and more to the relatively less privileged classes of society. There was to be a reduction in the concentration of income, wealth and economic power. The public sector of the economy was to undergo rapid expansion. This was the aim of the Socialistic Pattern. The main socialistic feature of the plan was undoubtedly the expansion of the public sector and the more positive use of the whole apparatus of controls at the disposal of the government.

In fact rapid industrialisation in general and in particular the production of machines to make machines was presented as the core of development. Nehru strongly supported the development of heavy industry as fundamental to retain the freedom of the country. This actually was emphasised by him to avoid the dependence on the United States, Germany or the Soviet Union because he realised that without heavy industries India had to look to these countries.

Although Nehru did not appreciate the condemnation of the private sector he reiterated his stress on the public sector to control all the strategic heights in Indian economy. In his view the main philosophy behind the plan was not to adjust to
some doctrinaire theory but to take advantage of every possible way of growth. As a result the public and private sectors were made to co-operate within the terms and limitations of the plan.  

Nehru's views on planning reveal his inclination towards achieving rapid economic progress in a manner in which political and economic aspects of democracy could be reconciled. Support and opposition were the salient features of the Communist approach to the specific proposals of economic policy. On some aspects they expressed their eagerness for the success of the plan but pointed out that there were fundamental differences with the government on the implementation of the plan.

The communists declared support to proposals which they thought would strengthen national economy and improve the condition of the masses. The communists broadly outlined their support to expand heavy and basic industries in public sector, development of cottage and small industries, better utilisation of existing industries to meet the need of consumer goods and improve the condition of masses to ensure their prosperity. It was considered important to develop and strengthen national economy, to produce basic machines in the country, to have effective control over private sector, to

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68 Ibid., cols. 940-01.

reduce capitalist influence, to nationalise coal and other industries, to reverse pro-landlord, pro-capitalist, pro-monopolist policies with regard to taxation, labour relations and agrarian policies. The communists declared their support to all those measures that disfavoured the interests of foreign capital, feudal and semi-feudal agrarian relations and curbed monopolistic capital.

However, the communist support was not whole hearted. They were firm to combat what according to them was reactionary and inadequate in the draft framework. They condemned the insistence on popular co-operation through extension of democratic rights and civil liberties. They opposed American loans because of the conditions imposed by the donor, while the agreement with the Soviet Union for the building of the steel plant in state sector was welcomed as representing a significant departure from the earlier dependence on the British and American imperialism.

The communists viewed the conflict in the Indian society as between imperialism and feudalism on the one hand and the entire Indian people on the other. The opposition to Nehru's policies was a product and reflection of this conflict.

70 Appeal of the CPI, Politbureau to the People, New Delhi: June 6, 1956, The Tribune, June 8, 1956, p. 8.

Though the Government desired to strengthen national economy and national freedom it followed policies of protection and of concession to foreign capital with concessions to landlords too. In their view the implementation of the first plan did not lessen the basic conflict in Indian society. The prelude to second Five Year Plan was marked by a debate on the extent to which the interests of the nation, as a whole were pitted against the entrenched grip of vested interests, indigenous and foreign.  

Communists claimed that Socialism and achievements of the Soviet Union and China had influenced the masses and had stirred the anti-imperialist feelings and urge for national reconstruction. Economic relations developed with socialist countries and the emphasis on heavy and basic industries were seen as an indication of the Government's Policy to abandon its dependence on British and American imperialism.  

Nehru's emphasis on producing basic things like machines for production in India and to abandon the idea of imports too was endorsed. The aim of heavy industries in the public sector was explained as a revolutionary change that would enable the government to have effective control over the private sector.

and reduce the capitalist influence.\textsuperscript{75}

While supporting some of Nehru’s policies the communists went to the extent of expressing their readiness to join hands with the Congress in its aims to develop the Indian economy and for ensuring the prosperity of the masses.\textsuperscript{76} Participation of people was called for to implement the projects and schemes of the plan in a democratic manner.\textsuperscript{77}

In explaining their approach to the broad principles of the plan the communists insisted that they did not approach the plan from any ideological standpoint nor by the extent to which it lead to socialism but by the way it utilised man power and natural resources\textsuperscript{78} and how the plan intended to help solve the main problems of unemployment and poverty.\textsuperscript{79} While the first Five Year Plan was characterised as one of collaboration,

\textsuperscript{75} P. C. Joshi, Vijaywada, May 14, 1956, \textit{The Tribune}, May 15, 1956, p. 7.


\textsuperscript{77} \textit{The Tribune}, April 8, 1958, p. 1. Inaugural Address of the CPI Congress on April 6, 1958.


the Second Plan was described as conciliating and compromise with imperialism and feudalism. 80 Communists complained that objectives formulated in the draft Plan frame had not been carried out in the actual framework. Government was accused of tempering with the sacred plan frame. 81

Thus, in spite of the general agreement with declared objectives of the Plan, there were many differences on the issue of raising resources for the plan and on the methods and approach to achieve the objectives.

The communists showed great concern about the plan's attitude towards the British and other foreign concerns. They criticised the assurances to maintain the volume of trade with Britain and America. They considered it an opportunity for the imperialists to exploit the resources, obstruct planned development and the growth of India's relations with the Soviet Union and other socialist countries. Excessive reliance on foreign assistance was an additional burden on the masses. It was complained that despite the rising deficits in foreign trade, no attempt was being made to change the direction of Indian trade which continued to be in the hands of foreign and Indian monopolists. 82

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Allocations for industries including small scale cottage and mining industries were no doubt a welcome change but were felt to be inadequate. The communists complained that the Plan did not provide adequate funds for basic and heavy industries.\(^{83}\) The spirit of the Plan Frame was ignored since the manufacturing industries had not reduced their dependence on foreign supplies.\(^{84}\) Nehru's policy remained one of appeasing the Indian and foreign monopolists in the industrial sectors. The communists also complained that while the public sector had been starved of the necessary resources, investments exceeded demand in the private sector. Above all the private sector in the final form of the plan was allowed to impinge even on those sectors which were the exclusive purview of the State.\(^{85}\)

The communists did not reject the part played by the private sector nor did they advocate its elimination from the industrial scene altogether.\(^{86}\) They wanted it to work in the larger interests of the country's planned economic progress and to be controlled in such a way so as to make the public sector grow. It was agreed that plan framers stressed the importance

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\(^{84}\) Ibid.


of public sector but regretted that this approach was given up in practice.

The failure of the plan to achieve the objectives was termed a crisis which included the problem in foreign exchange resources, widening of gap between resources and requirements, and above all the escalation of the cost of the plan due to rising prices. According to Bhupesh Gupta, the crisis was caused by the failure of government to carry out agrarian reforms, expansion of private sector and reduction of public sector, appeasement of monopolists and speculators, reliance on foreign assistance, failure to mobilize vast man-power and the participation of British and Americans in private sector.

The crisis of the plan was thus explained to be a crisis born out of the policies and methods of the government which had confronted the country with the urgent need to bring about a reversal of these policies. They declared that there was a divergence between the aims of industrialisation and the methods adopted by the government to achieve these aims. The Communists condemned the execution of the policies by the government since it involved resort to repressive measures.

The review of the Second Five Year Plan implied the

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existence of the crisis that aroused wide discussion. Organisational difficulties were emphasised and it was recommended that in order to fulfil the core all expenditure that could be postponed should be abandoned and a strictly utilitarian approach adopted in construction work and the provision of amenities. The circumstances in which the preparation of the Third Five Year Plan began were very different from those which had attended the beginning of the Second Plan. There was a financial crisis, a foreign exchange crisis and a food crisis.

It was against the gloomy background that the Planning Commission considered the Third Five Year Plan with great caution. Although a more skilful exercise was undertaken the Draft Outline evaded rather than faced serious problems.

The Third Five Year Plan was a continuation and an intensification of the Second Plan. The determining considerations in defining the objectives, priorities and targets were the social objectives and requirements of the economy during the plan period, the perspective of long term development to which the plan had to be related and the experience gained in the earlier two plans. The Plan sought a rise in national income by designing the pattern of investment so that the rate of growth during subsequent plan periods was also sustained.

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The plan aimed at a stage where for financial or industrial needs India was not to depend on outside countries. However, in view of the present problems Nehru did not accept it as a practical approach. The economic pressures increased the requirement of foreign assistance and Nehru was consciously aware that some dependence on the outside world for credit and machines was inevitable. However, he made it clear that, "whatever help we may get ... the real burden lies on our own people and the burden of even the help we get is that we have to pay it back." In this regard he impartially acknowledged the help from different countries like the U.S.A. the U.S.S.R. and West Germany.

Distinguishing feature of the Third Plan thus was a frank recognition of the importance of external assistance. It was frankly admitted that the very effort to achieve self-sustaining growth at a comparatively early date actually increased the dependence of the country on foreign aid.

As compared to the earlier two plans there was less discussion in the Parliament over the Third Plan. The Communists were not as dominant in the debates as they had been in the past. They generally rallied round the Plan and offered milder criticism. Hanson argues that "in order to dissociate themselves from the Swatantra-Gandhian Coalition the Communists had to play it soft."  


Indrajit Gupta explains it very clearly that there was a lack of enthusiasm over the Third Plan both inside and outside the House, because while the Second Plan represented a new orientation of outlook and put forward certain targets that opened up new vistas that kind of thrill did not accompany the Third Plan. Planning Commission itself counselled despair and indulged in vague generalities without committing to any detailed or concrete and specific things.  

Hiren Mukerjee and A. K. Gopalan voiced the major criticism on behalf of the communists. Mukerjee charged that the government was reluctant to soak the rich, unenthusiastic about state trading, dilatory and half hearted on land reform and unprepared to divert foreign trade towards the socialist economies.

The communists formulated their viewpoint on the Third Five Year Plan by analysing the performance of the Second Five Year Plan. The latter did not fulfil its social and economic objectives because it abandoned the principles and widened the gap between the promises and their implementation. On the basis of their experience of the earlier plans the communists suggested corrections.

Heavy industries, according to them were not neglected and foreign aid was helping its progress. But reliance on foreign

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aid from the West both in public and private sector was criticised. It was believed that such a reliance would render India vulnerable to undesirable influences.\(^{94}\) They were satisfied that the government had not cut the size of the Third Plan to abandon emphasis on heavy and basic industries.\(^{95}\) They agreed that advance was registered but regretted that progress had been slow and halting. The objective of rapid industrialisation called for vigorous planned activity in the entire industrial sector but the appraisal of the Second Plan had shown that apart from some selected projects like steel plants, the state had played little part in promoting industrialisation on the required scale. While the public sector got toned down and slashed much more was left to the private sector than was its due.\(^{96}\)

A favourable aspect of industrialisation was the economic co-operation of India with the Socialist countries. Assistance from the U.S.S.R. and Socialist countries was considered to be valuable for strengthening the industrial base. Soviet aid was considered to be selfless and a living expression of the solidarity against imperialism to enable an under developed country like

\(^{94}\) CPI, Political Resolution, Adopted by Sixth Congress of the CPI, Vijaywada, April 7-16, 1961, pp. 6-8.

\(^{95}\) Ibid., p. 3.

India to rise to its full height and develop her economy along lines of its aspirations. 97

As a result the Communists wanted diversification in the export trade towards the Socialist countries and to limit the scope of trade, aid and assistance from the West. They objected to heavy import of foreign capital from the West both in the public and private sectors. Mere control of British and American capital was not accepted as a favourable attitude of the government. Suspicious of the nature of the Western aid, the communists viewed with apprehension India's relations with the West. They propagated these as the dangerous links between Indian big business and their counterparts in Western countries.

The major emphasis of the communists in the discussions over the Third Plan was its failure to take note of the minus points of the Second Plan. The basic approach to the Third Plan was rooted in all the old premises which had imposed on India a slow rate of growth and increased the suffering of the people. 98 It was thus not a Socialist approach but capitalist industrialisation of a backward under developed country. It meant increased burden on people and inadequate employment opportunities. It was charged that while heavier and more rigorous taxation on the rich, control on profits, expansion of public sector were opposed on the grounds


of killing the incentives to producers, high taxes had been imposed on the mass of cultivators, traders, small industrialists and wage earners. In their view, despite Nehru's emphasis on agriculture, the entire approach of the National Development Committee and the Plan appeared to be confined to expansion of irrigation, greater use of fertilisers, better seeds and higher techniques. But the agrarian economy was left to be stagnant and the food problem remained unsolved as ever.99 In fact the effort of the government in raising resources had been such, according to the communists, as to lay the main burden of development on the common man while the rich garnered the main fruits.100

The above analysis of the economic policies with specific reference to planning and industrial aspects underline a game of hide and seek in Nehru's relations with the communists. The latter accepted some and rejected many policy aspects enunciated by Nehru. They were active participants in economic policy debates and reacted to Nehru's plans for economic development. What the communists could not doubt was Nehru's efforts at planning. Acceptance of State Planning was a distinctive departure from the traditional economic liberalism of the West. The communists could not overlook that Nehru had made people planning conscious. This was one of the most promising indication of the growing economic consciousness of the people as there was


100 CPI, Political Resolution Adopted by Sixth Congress of the CPI, Vijaywada, op. cit., p. 12.
widespread criticism of the Government's political complexion and its economic programmes. The differences cropped up between Nehru and the communists more on the details of the policies and the failure to implement them.

As we have seen most major economic policy decisions in the post-independence period emphasised on industrial development and revolved round the production of heavy machines. This was so because Nehru firmly believed that industrial progress would result in greater agricultural production. Planning was initiated to balance and find equilibrium between agriculture and industry. But after the experience of the first Five Year Plan Nehru no more took it for granted that industrial progress would automatically result in greater agricultural production. 101

If this was Nehru's understanding of the situation it is appropriate to analyse the communists assessment of Nehru's policies in the agricultural sphere. This requires a brief reference to the class character of the agrarian structure of India existing at the time of independence.

India's crisis had its own special feature because the economic structure was colonial. India was a victim of the post-war crisis and feudal relations were kept alive in agriculture to the ruin of the peasants. 102 India's economy was deficit and the toiler remained a starved worker because agriculture was based on


the maintenance of feudal relations, on land, landlordism and feudal domains. These relations obstructed the further development of production and aggravated the expropriation of peasants and concentration of land in the hands of the landlords, rich peasants or money lenders.

The communist remedy to solve this crisis was to break the colonial prison. This was possible by an agrarian revolution to abolish landlordism and by completely eliminating all feudal exploitation. The demand for the abolition of landlordism was added to the slogan of land to the tiller. Their objective was to abolish landlordism without any compensation to the landlords and over this they particularly differed from Nehru.

These formulations were basic to the communist programme in which only tactical changes were made from time to time. The communists studied the government policies in regard to land relations within this theoretical framework. Somewhat different was the blue print of land reform policy evolved by Nehru as the Chief spokesman of the Congress. In the pre-independence period Nehru had advocated a number of basic land reforms. Considering the peasants' cause to be the country's cause he suggested to hold a fair balance between capital and labour, the Zamindar and the tenant. To achieve this it was necessary to do away with the domination of any one class over the another.


The first major step in evolving a blueprint for land reform was taken in 1936 when Nehru favoured the elimination of the Zamindari system but doubted if it could be achieved under colonial rule. Nehru also suggested a thorough change in land relations.

Improved agriculture meant scientific changes and the reform of the land system. This required removal of intermediaries between the peasant and the State. Nehru was particularly emphatic about the payment of compensation to acquire land. Even then it was not an easy task for him to get its acceptance. By the time of independence the Congress had committed itself to the elimination of the Zamindari system as set forth in the 1945 election manifesto.

Land policy as outlined in the post-independence period had two fold objectives namely social justice and increased production. It included measures for making adjustments in the rights of various classes interested in land, for a more equitable distribution of land and the reorganisation of the agrarian structure in order to remove institutional defects. The Second Plan emphasised that to remove impediments upon agricultural production as arise from the character of the agrarian structure


107 Ibid., pp. 16-20.
and to create conditions for evolving an agrarian economy with high levels of efficiency and productivity, it was necessary to provide psychological incentives and a suitable institutional framework for increased production. With these objectives in view various recommendations were made in the Five Year Plans. 108

Since the Congress controlled the Centre and the State Governments the party machinery was used for policy making. Besides the abolition of the Zamindari, imposition of ceilings on land holdings and redistribution of the surplus land to the landless constituted the main aspects of the land reform policy.

Despite Nehru’s emphasis on land reforms the results were only a partial success. There were long delays between legislation and implementation. As a result of his efforts through discussions and persuasion Congress resolutions laid emphasis and urged the State Governments to speed up their efforts. 109

Seeing the thin record of success in Land reforms the communists made a forceful critical analysis. They charged that the Congress measures instead of bringing prosperity favoured the vested interests and the landlords. The compensation to the landlords had not provided for the distribution of the land

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to the tiller and turned the anti-landlord bills ineffective. Land reform bills of the Congress government were called 'Empty nationalist phrases and gestures to keep the petty bourgeoisie (peasants in particular) and masses under its influence.' They emphasised the utter inadequacy of land reforms and the failure of the various State Governments to fix ceilings on landholdings. These acts did not give land to the tiller but imposed heavy burdens of compensation and even evicted the peasants from the land, they cultivated. The communists regretted that the basic demands accepted by the Congress Agrarian Reforms Committee in 1949, that land must belong to the tiller, did not guide the planners. The Congress underlook land measures half heartedly. Land reform was considered the most barren chapter in the draft of the Third Plan. Gaps and loopholes in the land legislation on the aspects of tenancy reforms and fixing of ceilings were the root causes of the failures to make land reforms practical. Addressing Nehru, Sundarayya said, "It is only by adopting an entirely different social objective; an entirely bold radical


111 Draft critique submitted by the members of the CC from Andhra and approved by the CC in its May, June, 1950 Meeting, Ibid., p. 862.


reform, both in agriculture and industry that any planning can be done and it is this which you refuse to do." 114

The Communist assessment though critical could not be evaded especially when studied in view of the tardy implementation of land reforms. To assess the role of the government in achieving the targets it is important to take into account the constitutional framework within which these reforms had to be carried out. The Constitution placed power in the hands of the State governments and deprived the central government and Parliament of any control over land reform legislation and its implementation. 115 Enforcement was eroded by the problem in several states that land reform measures had to be undertaken without adequate administrative measures. The Second Five Year Plan drew attention to the administrative difficulties. On the issue of Zamindari abolition there were long delays because of the legal battles over the compensation to the landholders. However, by 1966 despite the delays Zamindari system had been abolished in all the states, in which it existed before independence. 116

With regard to tenancy reforms and ceilings on landholdings government faced difficulties. Because each state with a bewildering variety of land tenure systems required separate


115 Constitution of India, Seventh Schedule, State List, 18, p. 244.

116 Michael Brecher, Jawaharlal Nehru: A Political Biography, op. cit., p. 550. Communists also recognised at Palghat, "The abolition of the Zamindari and Jagirdari systems has been carried out in most of the States." Mohit Sen, Documents of the History of the CPI, op. cit., p. 533.
legislative enactments. Moreover the tenancy structure in many areas required careful and systematic planning before they could be implemented successfully. Even though the policy of imposing ceilings on land holdings was accepted there was hesitation in implementing it. Even when laws were enacted, enforcement made little progress. This was so because the State Governments lacked enthusiasm and the measures were not easily accepted by the Congress and the Planning Commission. The interests of the landholders in the Congress were threatened and it was after long persuasion and discussions that the Congress approved ceilings on landholdings at its Hyderabad Session in 1953.

In this regard it is imperative to point out here that the communists criticism of the Congress was appropriate in regard to the failure of implementation of the land reforms. This could not equally be applied to Nehru. Despite the failures which Nehru had himself admitted, his commitments were clear.


120 Indian National Congress, Resolutions on Economic Policy and Programmes, 1924-54, op. cit., p. 78.

even after independence. He had to proceed cautiously for fear of splitting the party and weakening the government. It goes to his credit that he asserted himself to persuade the Congress to accept radical economic policies. 122

On the broad outline of the objectives both Nehru and the communists intended to improve the condition of the peasantry and to end their exploitation. Nehru concentrated on measures to achieve economic progress within the democratic framework with the co-operation of the people and maintained that economic edicts alone were not sufficient to solve the problem. 123 He wanted to achieve reforms not by decree but by convincing the people and bringing them around so that they could follow after seeing the results. 124 Nehru was guided by peculiarities of Indian agriculture, the intention to bring about economic development as well as social justice through people's consent and Parliamentary methods. Constitutional methods in regard to land reforms implied the desire to pursue their objectives. Provisions were amended when they were found in the way of successful implementation of the land reforms. The communists had no faith in the constitutional set up and emphasised on the objectives to be achieved through revolution.


123 Nehru's speech in New Delhi, Nov. 20, 1949, Hindustan Times, Nov. 21, 1949, p. 1.

Nehru was opposed to Marxism in 1920s and came round to accept the Marxist viewpoint in its broad essentials. Though he accepted the ideal of a classless society and also the notion of class struggle, he did not consider the latter to be necessarily violent. Nehru's attitude to estimate any assertion solely by its practical bearing on human interests revealed his pragmatism, in dealing with day to day problems. There was much of Marxism that had its influence on him but under Gandhi's influence he began to grope more in Gandhi direction and was speaking more in his accents, pleading for the linking of 'scientific approach' and 'spiritualistic approach.' He imbibed from Gandhi respect for human dignity and compassion for the underdog. This led him more to pragmatism and he contradicted M. N. Roy's contention that acceptance of Marxist philosophy would never allow Nehru to stand in the relation he always stood to Gandhi. Post-independence developments revealed that though his intellect attracted him to Marx his strategies were influenced by the teachings of Gandhi. As a politician Nehru made pragmatic adjustments and compromises though as an intellectual he was unshakeable in his convictions. Practical politics circumscribed his political idealism. The responsibility of running the party and the Government gave him a fresh retrospective insight into Gandhi's methods. That in nut shell was the basic reason for his differences with the communists for whom pragmatism was a heresay.